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105TH CONGRESS
2D SESSION

H. R. 3828

To amend title XVIII of the Social Security Act to improve access to health care services for certain Medicare-eligible veterans.

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 1998

Mr. THOMAS (for himself, Mr. STUMP, Mr. BILIRAKIS, Mr. SPENCE, Mr. RANGEL, Mr. STEARNS, Mr. HOUGHTON, Mrs. JOHNSON of Connecticut, Mr. SAM JOHNSON of Texas, Mr. MCCRERY, Mr. BARRETT of Nebraska, Mr. BEREUTER, Mr. BOEHLERT, Mrs. CHENOWETH, Mr. CHRISTENSEN, Mr. COLLINS, Mr. COMBEST, Mr. COOK, Mr. COOKSEY, Mr. CRANE, Mr. CUNNINGHAM, Mr. DEAL of Georgia, Mr. DOYLE, Mr. EDWARDS, Mr. EHRLICH, Mrs. EMERSON, Mr. ENGLISH of Pennsylvania, Mr. ENSIGN, Mr. EVERETT, Mrs. FOWLER, Mr. FOX of Pennsylvania, Mr. FROST, Mr. GONZALEZ, Mr. GOODLING, Ms. GRANGER, Mr. GREENWOOD, Mr. HALL of Ohio, Mr. HALL of Texas, Mr. HAYWORTH, Mr. HEFNER, Mr. HERGER, Mr. HOLDEN, Mr. HULSHOF, Mr. HUNTER, Mr. HUTCHINSON, Mrs. KELLY, Mr. KUCINICH, Mr. LAHOOD, Mr. LAMPSON, Mr. LANTOS, Mr. LIPINSKI, Mr. MANZULLO, Mr. METCALF, Mr. NETHERCUTT, Mr. PORTMAN, Mr. REDMOND, Mrs. ROUKEMA, Mr. RUSH, Mr. SANDERS, Mr. SANDLIN, Mr. SAXTON, Mr. SERRANO, Mr. SKEEN, Mr. SMITH of New Jersey, Mr. SOLOMON, Mr. STUPAK, Mr. TANNER, Mrs. THURMAN, Mr. TIAHRT, Mr. UPTON, Mr. WALSH, Mr. WATKINS, Mr. WATTS of Oklahoma, Mr. WHITFIELD, and Ms. WOOLSEY) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Veterans' Affairs, and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To amend title XVIII of the Social Security Act to improve

access to health care services for certain Medicare-eligible veterans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; PURPOSES.

(a) SHORT TITLE.—This Act may be cited as the "Veterans Medicare Access Improvement Act of 1998".

(b) PURPOSES.—The purposes of this Act are—

(1) to establish a program that permits Medicare-eligible veterans who have a service-connected disability or are financially needy and for whom access to medical care of the Department of Veterans Affairs has been historically deficient because of geographic remoteness or inaccessibility to receive their Medicare benefits through a service network of providers established by the Department of Veterans Affairs; and

(2) to establish a 3-year demonstration project that permits other Medicare-eligible veterans to receive such benefits through the Department of Veterans Affairs.

SEC. 2. IMPROVEMENT IN VETERANS' ACCESS TO SERVICES UNDER MEDICARE PROGRAM.

(a) IN GENERAL.—Title XVIII of the Social Security Act, as amended by sections 4603, 4801, and 4015(a) of

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the Balanced Budget Act of 1997, is amended by adding at the end the following:

"IMPROVING VETERANS' ACCESS TO SERVICES

"SEC. 1897. (a) DEFINITIONS.—In this section:

"(1) ADMINISTERING SECRETARIES.—The term 'administering Secretaries' means the Secretary of Health and Human Services and the Secretary of Veterans Affairs acting jointly.

"(2) PROGRAM.—The term 'program' means the program established under this section with respect to category A Medicare-eligible veterans.

"(3) DEMONSTRATION PROJECT; PROJECT.—The terms 'demonstration project' and 'project' mean the demonstration project carried out under this section with respect to category C Medicare-eligible veterans.

"(4) MEDICARE-ELIGIBLE VETERANS.—

"(A) CATEGORY A MEDICARE-ELIGIBLE VETERAN.—The term 'category A Medicare-eligible veteran' means an individual—

"(i) who is a veteran (as defined in section 101(2) of title 38, United States Code) and is described in paragraph (1) or (2) of section 1710(a) of title 38, United States Code;

"(ii) who is entitled to hospital insurance benefits under part A of the Medicare program and is enrolled in the supplementary medical insurance program under part B of the Medicare program; and

"(iii) for whom the medical center of the Department of Veterans Affairs that is closest to the individual's place of residence is geographically remote or inaccessible from such place.

"(B) CATEGORY C MEDICARE-ELIGIBLE VETERAN.—The term 'category C Medicare-eligible veteran' means an individual who—

"(i) is a veteran (as defined in section 101(2) of title 38, United States Code) and is described in section 1710(a)(3) of title 38, United States Code; and

"(ii) is entitled to hospital insurance benefits under part A of the Medicare program and is enrolled in the supplementary medical insurance program under part B of the Medicare program.

"(5) MEDICARE HEALTH CARE SERVICES.—The term 'Medicare health care services' means items or services covered under part A or B of this title.

"(6) TRUST FUNDS.—The term 'trust funds' means the Federal Hospital Insurance Trust Fund established in section 1817 and the Federal Supplementary Medical Insurance Trust Fund established in section 1841.

"(b) PROGRAM AND DEMONSTRATION PROJECT.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT.—The administering Secretaries are authorized to establish—

"(i) a program (under an agreement entered into by the administering Secretaries) under which the Secretary of Health and Human Services shall reimburse the Secretary of Veterans Affairs, from the trust funds, for Medicare health care services furnished to category A Medicare-eligible veterans; and

"(ii) a demonstration project (under such an agreement) under which the Secretary of Health and Human Services shall reimburse the Secretary of Veterans Affairs, from the trust funds, for Medicare health care services furnished to category C Medicare-eligible veterans.

"(B) AGREEMENT.—The agreement entered into under subparagraph (A) shall include at a minimum—

"(i) a description of the benefits to be provided to the participants of the program and the demonstration project established under this section;

"(ii) a description of the eligibility rules for participation in the program and demonstration project, including any cost sharing requirements;

"(iii) a description of the process for enrolling veterans for participation in the program, which process may, to the extent practicable, be administered in the same or similar manner to the registration process established to implement section 1705 of title 38, United States Code;

"(iv) a description of how the program and the demonstration project will satisfy the requirements under this title;

"(v) a description of the sites selected under paragraph (2);

"(vi) a description of how reimbursement requirements under subsection (g)

and maintenance of effort requirements under subsection (h) will be implemented in the program and in the demonstration project;

"(vii) a statement that all data of the Department of Veterans Affairs and of the Department of Health and Human Services that the administering Secretaries determine is necessary to conduct independent estimates and audits of the maintenance of effort requirement, the annual reconciliation, and related matters required under the program and the demonstration project shall be available to the administering Secretaries;

"(viii) a description of any requirement that the Secretary of Health and Human Services waives pursuant to subsection (d);

"(ix) a requirement that the Secretary of Veterans Affairs undertake and maintain outreach and marketing activities, consistent with capacity limits under the program, for category A Medicare-eligible veterans;

"(x) a description of how the administering Secretaries shall conduct the data matching program under subparagraph (F), including the frequency of updates to the comparisons performed under subparagraph (F)(ii); and

"(xi) a statement by the Secretary of Veterans Affairs that the type or amount of health care services furnished under chapter 17 of title 38, United States Code, to veterans who are entitled to benefits under part A or enrolled under part B, or both, shall not be reduced by reason of the program or project.

"(C) COST-SHARING UNDER DEMONSTRATION PROJECT.—Notwithstanding any provision of title 38, United States Code, in order—

"(i) to maintain and broaden access to services,

"(ii) to encourage appropriate use of services, and

"(iii) to control costs,

the Secretary of Veterans Affairs may establish enrollment fees and copayment requirements under the demonstration project under this sec-

tion consistent with subsection (d)(1). Such fees and requirements may vary based on income.

"(D) HEALTH CARE BENEFITS.—The administering Secretaries shall prescribe the minimum health care benefits to be provided under the program and demonstration project to Medicare-eligible veterans enrolled in the program or project. Those benefits shall include at least all Medicare health care services covered under this title.

"(E) ESTABLISHMENT OF SERVICE NETWORKS.—

"(i) USE OF VA OUTPATIENT CLINICS.—The Secretary of Veterans Affairs, to the extent practicable, shall use outpatient clinics of the Department of Veterans Affairs in providing services under the program.

"(ii) AUTHORITY TO CONTRACT FOR SERVICES.—The Secretary of Veterans Affairs may enter into contracts and arrangements with entities (such as private practitioners, providers of services, preferred provider organizations, and health care plans) for the provision of services for

which the Secretary of Health and Human Services is responsible under the program or project under this section and shall take into account the existence of qualified practitioners and providers in the areas in which the program or project is being conducted. Under such contracts and arrangements, such Secretary of Health and Human Services may require the entities to furnish such information as such Secretary may require to carry out this section.

"(F) DATA MATCH.—

"(i) ESTABLISHMENT OF DATA MATCHING PROGRAM.—The administering Secretaries shall establish a data matching program under which there is an exchange of information of the Department of Veterans Affairs and of the Department of Health and Human Services as is necessary to identify veterans who are entitled to benefits under part A or enrolled under part B, or both, in order to carry out this section. The provisions of section 552a of title 5, United States Code, shall apply

with respect to such matching program only to the extent the administering Secretaries find it feasible and appropriate in carrying out this section in a timely and efficient manner.

"(ii) PERFORMANCE OF DATA MATCH.—The administering Secretaries, using the data matching program established under clause (i), shall perform a comparison in order to identify veterans who are entitled to benefits under part A or enrolled under part B, or both. To the extent such Secretaries deem appropriate to carry out this section, the comparison and identification may distinguish among such veterans by category of veterans, by entitlement to benefits under this title, or by other characteristics.

"(iii) DEADLINE FOR FIRST DATA MATCH.—The administering Secretaries shall first perform a comparison under clause (ii) by not later than October 31, 1998.

"(iv) CERTIFICATION BY INSPECTOR GENERAL.—

"(I) IN GENERAL.—The administering Secretaries may not conduct the program unless the Inspector General of the Department of Health and Human Services certifies to Congress that the administering Secretaries have established the data matching program under clause (i) and have performed a comparison under clause (ii).

"(II) DEADLINE FOR CERTIFICATION.—Not later than December 15, 1998, the Inspector General of the Department of Health and Human Services shall submit a report to Congress containing the certification under subclause (I) or the denial of such certification.

"(2) NUMBER OF SITES.—The program and demonstration project shall be conducted in geographic service areas of the Department of Veterans Affairs, designated jointly by the administering Secretaries after review of all such areas, as follows:

"(A) PROGRAM SITES.—

"(i) IN GENERAL.—Except as provided in clause (ii), the program shall be conducted in not more than 3 such areas with respect to category A Medicare-eligible veterans.

"(ii) ADDITIONAL PROGRAM SITES.—Subject to the certification required under subsection (h)(1)(B)(iii), for a year beginning on or after January 1, 2003, the program shall be conducted in such areas as are designated jointly by the administering Secretaries after review of all such areas.

"(B) PROJECT SITES.—

"(i) IN GENERAL.—The demonstration project shall be conducted in not more than 3 such areas with respect to category C Medicare-eligible veterans.

"(ii) MANDATORY SITE.—At least one of the areas designated under clause (i) shall encompass the catchment area of a military medical facility which was closed pursuant to either the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note) or title II of the De-

fense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).

"(3) RESTRICTION.—Funds from the program or demonstration project shall not be used for—

"(A) the construction of any treatment facility of the Department of Veterans Affairs; or

"(B) the renovation, expansion, or other construction at such a facility.

"(4) DURATION.—The administering Secretaries shall conduct and implement the program and the demonstration project as follows:

"(A) PROGRAM.—

"(i) IN GENERAL.—The program shall begin on January 1, 2000, in the sites designated under paragraph (2)(A)(i) and, subject to subsection (h)(1)(B)(iii)(II), for a year beginning on or after January 1, 2003, the program may be conducted in such additional sites designated under paragraph (2)(A)(ii).

"(ii) If for a year beginning on or after January 1, 2003, the program is conducted only in the sites designated under paragraph (2)(A)(i), Medicare health care

services may not be provided under the program to a number of category-A Medicare-eligible veterans that exceeds the aggregate number of such veterans covered under the program as of December 31, 2002.

"(B) PROJECT.—The demonstration project shall begin on January 1, 1999, and end on December 31, 2001.

"(C) IMPLEMENTATION.—The administering Secretaries may implement the program and demonstration project through the publication of regulations that take effect on an interim basis, after notice and pending opportunity for public comment.

"(5) REPORTS.—

"(A) PROGRAM.—By not later than September 1, 1999, the administering Secretaries shall submit a copy of the agreement entered into under paragraph (1) with respect to the program to Congress.

"(B) PROJECT.—By not later than September 1, 1998, the administering Secretaries shall submit a copy of the agreement entered

into under paragraph (1) with respect to the project to Congress.

"(6) REPORT ON MAINTENANCE OF LEVEL OF HEALTH CARE SERVICES.—

"(A) IN GENERAL.—The Secretary of Veterans Affairs may not implement the program at a site designated under paragraph (2)(A) unless, by not later than 90 days before the date of the implementation, the Secretary of Veterans Affairs submits to Congress and to the Comptroller General of the United States a report that contains the information described in subparagraph (B). The Secretary of Veterans Affairs shall periodically update the report under this paragraph as appropriate.

"(B) INFORMATION DESCRIBED.—For purposes of subparagraph (A), the information described in this subparagraph is a description of the operation of the program at the site and of the steps to be taken by the Secretary of Veterans Affairs to prevent the reduction of the type or amount of health care services furnished under chapter 17 of title 38, United States Code, to veterans who are entitled to benefits under part A or enrolled under part B, or both,

within the geographic service area of the Department of Veterans Affairs in which the site is located by reason of the program or project.

"(c) CREDITING OF PAYMENTS.—A payment received by the Secretary of Veterans Affairs under the program or demonstration project shall be credited to the applicable Department of Veterans Affairs medical care appropriation (and within that appropriation). Any such payment received during a fiscal year for services provided during a prior fiscal year may be obligated by the Secretary of Veterans Affairs during the fiscal year during which the payment is received.

"(d) APPLICATION OF CERTAIN MEDICARE REQUIREMENTS.—

"(1) AUTHORITY.—

"(A) IN GENERAL.—Except as provided under subparagraph (B), the program and the demonstration project shall meet all requirements of Medicare+Choice plans under part C and regulations pertaining thereto, and other requirements for receiving Medicare payments, except that the prohibition of payments to Federal providers of services under sections 1814(c) and 1835(d), and paragraphs (2) and (3) of section 1862(a) shall not apply.

"(B) WAIVER.—Except as provided in paragraph (2), the Secretary of Health and Human Services is authorized to waive any requirement described under subparagraph (A), or approve equivalent or alternative ways of meeting such a requirement, but only if such waiver or approval—

"(i) reflects the unique status of the Department of Veterans Affairs as an agency of the Federal Government; and

"(ii) is necessary to carry out the program or demonstration project.

"(2) BENEFICIARY PROTECTIONS AND OTHER MATTERS.—The program and the demonstration project shall comply with the requirements of part C of this title that relate to beneficiary protections and other matters, including such requirements relating to the following areas, to the extent not inconsistent with subsection (b)(1)(B)(iii):

"(A) Enrollment and disenrollment.

"(B) Nondiscrimination.

"(C) Information provided to beneficiaries.

"(D) Cost-sharing limitations.

"(E) Appeal and grievance procedures.

"(F) Provider participation.

"(G) Access to services.

"(H) Quality assurance and external review.

"(I) Advance directives.

"(J) Other areas of beneficiary protections that the administering Secretaries determine are applicable to such program or project.

"(e) INSPECTOR GENERAL.—Nothing in the agreement entered into under subsection (b) shall limit the Inspector General of the Department of Health and Human Services from investigating any matters regarding the expenditure of funds under this title for the program and demonstration project, including compliance with the provisions of this title and all other relevant laws.

"(f) VOLUNTARY PARTICIPATION.—Participation of a category A Medicare-eligible veteran in the program or category C Medicare-eligible veteran in the demonstration project shall be voluntary.

"(g) PAYMENTS BASED ON REGULAR MEDICARE PAYMENT RATES.—

"(1) IN GENERAL.—Subject to the succeeding provisions of this subsection, the Secretary of Health and Human Services shall reimburse the Secretary of Veterans Affairs for services provided under the program or demonstration project at a rate equal to

95 percent of the amount paid to a Medicare+Choice organization under part C of this title with respect to such an enrollee. In cases in which a payment amount may not otherwise be readily computed, the Secretary of Health and Human Services shall establish rules for computing equivalent or comparable payment amounts.

"(2) EXCLUSION OF CERTAIN AMOUNTS.—In computing the amount of payment under paragraph (1), the following shall be excluded:

"(A) SPECIAL PAYMENTS.—Any amount attributable to an adjustment under subparagraphs (B) and (F) of section 1886(d)(5) and subsection (h) of such section.

"(B) PERCENTAGE OF CAPITAL PAYMENTS.—An amount determined by the administering Secretaries for amounts attributable to payments for capital-related costs under subsection (g) of such section.

"(3) PERIODIC PAYMENTS FROM MEDICARE TRUST FUNDS.—Payments under this subsection shall be made—

"(A) on a periodic basis consistent with the periodicity of payments under this title; and

"(B) in appropriate part, as determined by the Secretary of Health and Human Services, from the trust funds.

"(4) CAP ON REIMBURSEMENT AMOUNTS.—The aggregate amount to be reimbursed under this subsection pursuant to the agreement entered into between the administering Secretaries under subsection (b) is as follows:

"(A) PROGRAM.—With respect to category A Medicare-eligible veterans, such aggregate amount shall not exceed—

"(i) for 2000, a total of $50,000,000;

"(ii) for 2001, a total of $75,000,000; and

"(iii) subject to subparagraph (B), for 2002 and each succeeding year, a total of $100,000,000.

"(B) EXPANSION OF PROGRAM.—If for a year beginning on or after January 1, 2003, the program is conducted in sites designated under subsection (b)(2)(A)(ii), the limitation under subparagraph (A)(iii) shall not apply to the program for such a year.

"(C) PROJECT.—With respect to category C Medicare-eligible veterans, such aggregate

amount shall not exceed a total of $50,000,000 for each of calendar years 1999 through 2001.

"(h) MAINTENANCE OF EFFORT.—

"(1) MONITORING EFFECT OF PROGRAM AND DEMONSTRATION PROJECT ON COSTS TO MEDICARE PROGRAM.—

"(A) IN GENERAL.—The administering Secretaries, in consultation with the Comptroller General of the United States, shall closely monitor the expenditures made under this title for category A and C Medicare-eligible veterans compared to the expenditures that would have been made for such veterans if the program and demonstration project had not been conducted. The agreement entered into by the administering Secretaries under subsection (b) shall require the Department of Veterans Affairs to maintain overall the level of effort for services covered under this title to such categories of veterans by reference to a base year as determined by the administering Secretaries.

"(B) DETERMINATION OF MEASURE OF COSTS OF MEDICARE HEALTH CARE SERVICES.—

"(i) IMPROVEMENT OF INFORMATION MANAGEMENT SYSTEM.—Not later than October 1, 2001, the Secretary of Veterans Affairs shall improve its information management system such that, for a year beginning on or after January 1, 2002, the Secretary of Veterans Affairs is able to identify costs incurred by the Department of Veterans Affairs in providing Medicare health care services to Medicare-eligible veterans for purposes of meeting the requirements with respect to maintenance of effort under an agreement under subsection (b)(1)(A).

"(ii) IDENTIFICATION OF MEDICARE HEALTH CARE SERVICES.—The Secretary of Health and Human Services shall provide such assistance as is necessary for the Secretary of Veterans Affairs to determine which health care services furnished by the Secretary of Veterans Affairs qualify as Medicare health care services.

"(iii) CERTIFICATION BY HHS INSPECTOR GENERAL.—

"(I) REQUEST FOR CERTIFICATION.—The Secretary of Veterans Affairs may request the Inspector General of the Department of Health and Human Services to make a certification to Congress that the Secretary of Veterans Affairs has improved its management system under clause (i) such that the Secretary of Veterans Affairs is able to identify the costs described in such clause in a reasonably reliable and accurate manner.

"(II) REQUIREMENT FOR EXPANSION OF PROGRAM.—The program may be conducted in the additional sites under paragraph (2)(A)(ii) and cover such additional category A Medicare eligible veterans in such additional sites only if the Inspector General of the Department of Health and Human Services has made the certification described in subclause (I).

"(III) DEADLINE FOR CERTIFICATION.—Not later than the date that is the earlier of the date that is 60 days after the Secretary of Veterans Affairs requests a certification under subclause (I) or June 1, 2002, the Inspector General of the Department of Health and Human Services shall submit a report to Congress containing the certification under subclause (I) or the denial of such certification.

"(C) MAINTENANCE OF LEVEL OF EFFORT.—

"(i) REPORT BY SECRETARY OF VETERANS AFFAIRS ON BASIS FOR CALCULATION.—Not later than the date that is 60 days after the date on which the administering Secretaries enter into an agreement under subsection (b)(1)(A), the Secretary of Veterans Affairs shall submit a report to Congress and the Comptroller General of the United States explaining the methodology used and basis for calculating the level of effort of the Depart-

ment of Veterans Affairs under the program and project.

"(ii) REPORT BY COMPTROLLER GENERAL.—Not later than the date that is 180 days after the date described in clause (i), the Comptroller General of the United States shall submit to Congress and the administering Secretaries a report setting forth the Comptroller General's findings, conclusion, and recommendations with respect to the report submitted by the Secretary of Veterans Affairs under clause (i).

"(iii) RESPONSE BY SECRETARY OF VETERANS AFFAIRS.—The Secretary of Veterans Affairs shall submit to Congress not later than 60 days after the date described in clause (ii) a report setting forth such Secretary's response to the report submitted by the Comptroller General under clause (ii).

"(D) ANNUAL REPORT BY THE COMPTROLLER GENERAL.—Not later than December 31 of each year during which the program and demonstration project is conducted, the Comptroller General of the United States shall submit to

the administering Secretaries and to Congress a report on the extent, if any, to which the costs of the Secretary of Health and Human Services under the Medicare program under this title increased during the preceding fiscal year as a result of the program or demonstration project.

"(2) REQUIRED RESPONSE IN CASE OF INCREASE IN COSTS.—

"(A) IN GENERAL.—If the administering Secretaries find, based on paragraph (1), that the expenditures under the Medicare program under this title increased (or are expected to increase) during a fiscal year because of the program or demonstration project, the administering Secretaries shall take such steps as may be needed—

"(i) to recoup for the Medicare program the amount of such increase in expenditures; and

"(ii) to prevent any such increase in the future.

"(B) STEPS.—Such steps—

"(i) under subparagraph (A)(i) shall include payment of the amount of such increased expenditures by the Secretary of

Veterans Affairs from the current medical care appropriation for the Department of Veterans Affairs to the trust funds; and

"(ii) under subparagraph (A)(ii) shall include lowering the amount of payment under the program or project under subsection (g)(1), and may include, in the case of the demonstration project, suspending or terminating the project (in whole or in part).

"(i) EVALUATION AND REPORTS.—

"(1) INDEPENDENT EVALUATION BY GAO.—

"(A) IN GENERAL.—The Comptroller General of the United States shall conduct an evaluation of the program and an evaluation of the demonstration project, and shall submit annual reports on the program and demonstration project to the administering Secretaries and to Congress.

"(B) FIRST REPORT.—The first report for the program or demonstration project under subparagraph (A) shall be submitted not later than 12 months after the date on which the Secretary of Veterans Affairs first provides

services under the program or project, respectively.

"(C) FINAL REPORT ON DEMONSTRATION PROJECT.—A final report shall be submitted with respect to the demonstration project not later than 3½ years after the date of the first report on the project under subparagraph (B).

"(D) CONTENTS.—The evaluation and reports under this paragraph for the program or demonstration project shall include an assessment, based on the agreement entered into under subsection (b), of the following:

"(i) Any savings or costs to the Medicare program under this title resulting from the program or project.

"(ii) The cost to the Department of Veterans Affairs of providing care to category A Medicare-eligible veterans under the program or to category C Medicare-eligible veterans under the demonstration project, respectively.

"(iii) An analysis of how such program or project affects the overall accessibility of medical care through the Department of Veterans Affairs, and a de-

scription of the unintended effects (if any) upon the patient enrollment system under section 1705 of title 38, United States Code.

"(iv) Compliance by the Department of Veterans Affairs with the requirements under this title.

"(v) The number of category A Medicare-eligible veterans or category C Medicare-eligible veterans, respectively, opting to participate in the program or project instead of receiving health benefits through another health insurance plan (including benefits under this title).

"(vi) A list of the health insurance plans and programs that were the primary payers for Medicare-eligible veterans during the year prior to their participation in the program or project, respectively, and the distribution of their previous enrollment in such plans and programs.

"(vii) Any impact of the program or project, respectively, on private health care providers and beneficiaries under this title

that are not enrolled in the program or project.

"(viii) An assessment of the access to care and quality of care for Medicare-eligible veterans under the program or project, respectively.

"(ix) An analysis of whether, and in what manner, easier access to medical centers of the Department of Veterans Affairs affects the number of category A Medicare-eligible veterans or C Medicare-eligible veterans, respectively, receiving Medicare health care services.

"(x) Any impact of the program or project, respectively, on the access to care for category A Medicare-eligible veterans or C Medicare-eligible veterans, respectively, who did not enroll in the program or project and for other individuals entitled to benefits under this title.

"(xi) A description of the difficulties (if any) experienced by the Department of Veterans Affairs in managing the program or project, respectively.

"(xii) Any additional elements specified in the agreement entered into under subsection (b).

"(xiii) Any additional elements that the Comptroller General of the United States determines is appropriate to assess regarding the program or project, respectively.

"(2) REPORTS BY SECRETARIES ON PROGRAM AND DEMONSTRATION PROJECT WITH RESPECT TO MEDICARE-ELIGIBLE VETERANS.—

"(A) DEMONSTRATION PROJECT.—Not later than 6 months after the date of the submission of the final report by the Comptroller General of the United States on the demonstration project under paragraph (1)(C), the administering Secretaries shall submit to Congress a report containing their recommendation as to—

"(i) whether there is a cost to the health care program under this title in conducting the demonstration project;

"(ii) whether to extend the demonstration project or make the project permanent; and

"(iii) whether the terms and conditions of the project should otherwise be continued (or modified) with respect to Medicare-eligible veterans.

"(B) PROGRAM.—Not later than 6 months after the date of the submission of the report by the Comptroller General of the United States on the third year of the operation of the program, the administering Secretaries shall submit to Congress a report containing their recommendation as to—

"(i) whether there is a cost to the health care program under this title in conducting the program under this section;

"(ii) whether to discontinue the program with respect to category A Medicare-eligible veterans; and

"(iii) whether the terms and conditions of the program should otherwise be continued (or modified) with respect to Medicare-eligible veterans.".

(b) REPEAL OF PLAN REQUIREMENT.—Subsection (b) of section 4015 of the Balanced Budget Act of 1997 (relating to an implementation plan for Veterans subvention) is repealed.

(c) EFFECTIVENESS CONTINGENT UPON ENACTMENT OF OFFSETTING OUTLAY REDUCTIONS IN VA PROGRAMS THROUGH RESTRICTION OF USE OF TOBACCO PRODUCTS TO QUALIFY FOR SERVICE-CONNECTED ENTITLEMENT.—(1) No payment may be made from the Federal Hospital Insurance Trust Fund or from the Federal Supplementary Medical Insurance Trust Fund for items or services furnished under the program or demonstration project established under section 1897 of the Social Security Act, as added by subsection (a), before the date that the Director of the Office of Management and Budget determines that—

(A) legislation described in paragraph (2) has been enacted; and

(B) the net amount of the reductions in expenditures achieved by reason of such legislation during the 5-fiscal-year period beginning with fiscal year 1999, that is available to offset the net aggregate increase in outlays (if any) under the Medicare program under title XVIII of such Act, is not less than the estimate of the amount of such net aggregate increase during such period.

(2) For purposes of paragraph (1), the legislation described in this paragraph is legislation that restricts entitlement to service-connected compensation under title 38,

United States Code, for a disability that is the result of a veteran's use of tobacco products.

(3) The estimate described in paragraph (1)(B) shall be the estimate made by the Congressional Budget Office and contained in the report of the Committee on Ways and Means of the House of Representatives to accompany H. R. ____ of the 105th Congress (the Veterans Medicare Access Improvement Act of 1998), except to the extent that the Director of the Office of Management and Budget finds that the estimate is materially inaccurate.

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